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The Value of CAFTA

THE CENTRAL America Free Trade Agreement is in trouble, and to get it through Congress, the Bush administration is edging toward protectionism. The administration would be better off focusing on improving labor conditions in the six Latin American countries affected by the agreement.

Concessions on working conditions might earn votes among Democrats, where concern for labor rights is strong. The Senate Finance Committee endorsed CAFTA yesterday, and Senators Kerry and Kennedy are both opposed. Other Democrats in Congress are also turning against free trade, and the administration needs to heed their concerns to strengthen support for future accords.

Because the economies of the six nations are small, the agreement would probably have little effect in this country. It would, however, offer a toehold in the US market to sugar producers from Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, and the Dominican Republic.

To appease US sugar interests, the administration is thinking of pressuring CAFTA nations not to increase sugar exports to the United States. This surrender to protectionism would undercut a bedrock of free trade: a US commitment to take inexpensive products from foreign nations so American companies can send high-value goods abroad.

Also, to conciliate US textile manufacturers, the administration has promised that after the treaty is approved, it will discourage the Latin Americans from buying finished clothes pockets from low-cost producers to sew into garments. This would erode the concessions that the six nations thought they had gained to keep their prices low.

Many Democrats object to the labor provisions of CAFTA because the agreement commits the signatories to follow their own labor laws rather than the standards of the International Labor Organization. While the laws in Central America do not follow the standards in every particular, they still are comprehensive. The key issue isn't so much changing the laws as making sure they are enforced.

At the Finance Committee session yesterday, Kerry offered an amendment that would toughen the labor standards without mandating absolute adherence to the ILO standards. The amendment failed on a tie vote, 10-10. Kerry should offer it on the floor, and, in the interest of broad-based support for free trade, the administration should encourage Republican senators to support it.

CAFTA represents the best hope for the six nations to find a place in the US market before their struggling industries are swept aside by China and other larger, cheaper producers. Congress, and the administration, should give them a chance to compete.